

INDIANA ECONOMIC
DEVELOPMENT CORPORATION

May 23, 2006

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") on behalf of the Indiana Board of Accountancy ("Board") and contained in LSA Document 06-65, which amends 876 IAC 1-2-1 to address the ethical requirements for licensees by incorporating by reference the June 1, 2005, pronouncements on professional standards of the American Institute of Certified Public Accountants. The rule changes would potentially affect 16,139 certified public accountants licensed in the State of Indiana. Although the proposed rule affects the practices of certified public accountants specifically, the small business for which these certified public accountants are employed will also be affected because of the licensees' compliance. There are approximately 1,460 accounting firms with permits to practice accountancy issued by the Board. Although the precise number of affected entities that would be classified as small businesses is not specified, the actual number of affected small businesses would be less than the numbers reported above. Some of the 16,139 certified public accountants are employed by firms not considered small businesses. Additionally, not all of the accounting firms reported employ certified public accountants and thus they would not be affected by the rule.

The economic impact imposed on these small businesses is attributable to the cost for certified public accountants and the firms they work for as a result of complying with the rule is attributable to compliance with the most recent American Institute of Certified Public Accountants ("AICPA") Professional Standards requirements as opposed to the version of the standards currently in effect. In order to comply with this proposed rule, a certified public accountant may have to replace the 2004 AICPA edition of the standards manual with the 2005 AICPA edition.

Although the IPLA could not estimate what portion of the affected entities may be considered small businesses, it has subsequently indicated that the 2005 AICPA manual will be available online at no cost. This should allow small businesses and any other business to comply with the rule without incurring additional cost. The IEDC does not object to any of the provisions contained in the proposed rule changes.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,



Ryan Asberry
Director - Research
Indiana Economic Development Corporation